Army G-1
Career Status Bonus (CSB)
Weighing Your Options

RETIRED
U.S.ARMY

Retired Pay Plans

- Contract signed before 8 Sep 80
  Final Basic Pay

- Contract signed between 8 Sep 80 and 31 Jul 86
  High-3

- Contract signed after 31 Jul 86**** (This is You!!)
  High-3 unless eligible for & elect CSB/REDUX at
  15 throughout Your Retirement Planning

DIEMS

To decide which system applies to you, you must determine the date that you FIRST entered the military. This date is called the DIEMS (Date of Initial Entry to Military Service) or DIEUS (Date of Initial Entry to Uniformed Services):

- The date you first entered the military is the first time you enlisted or joined the active or reserves. This date is fixed---it does not change. Departing the military and rejoining does not affect your DIEMS.
- The DIEMS for Academy graduates who entered the Academy with no prior service is the date they reported to the Academy, not the date they graduated.
- Beginning an ROTC scholarship program or enlisting as a Reserve in the Senior ROTC program sets the DIEMS, not

DIEMS (CON'T)

- Members who entered the military, separated, and then rejoined the military have a DIEMS based on entering the first period of military service.
- The DIEMS for members who enlisted under the delayed entry program is when they entered the delayed entry program, not when they initially reported for duty.
- For those who joined the Reserves and later joined the active component, their DIEMS is the date they joined the Reserves.

NOTE: Be aware that your pay date may be different than your DIEMS. Also, your DIEMS does not determine when you have enough time in the service to retire---it only determines which retirement system applies to you.

Where to go to Correct Your DIEMS

If your DIEMS date is incorrect-

- Effective immediately, the brigade or installation Personnel Automation Section (PAS) POC has the ability to input and correct DIEMS Date (after validating supporting documentation).

- The local finance office is the responsible agency for corrections to the Defense Joint Military System. Once a Soldier's DIEMS date can be verified, the changes will be reflected on the ERB/ORB.

What is CSB/REDUX?

- Retired pay plan option for some Soldiers
- Pays a $30,000 bonus (minus taxes)
  - Bonus paid at 15 years of AFS
- In exchange for the bonus:
  - Must continue to serve continuously to 20 years
  - Retired pay multiplier reduced to 2 ½% per year, minus 1% for each year under 30
  - COLA reduced by 1% each year
  - At age 62, there is a 1 time “catch up” and then reverts back to COLA minus 1%

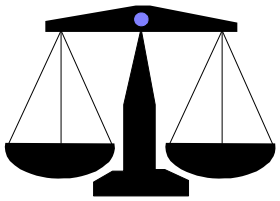
REDUX - - Then and Now

1986 law (REDUX)

- Mandatory!
- NO BONUS
- Reduced multiplier
- Reduced COLA
- Age 62 adjustments

1999 law (CSB/REDUX)

- Voluntary, if eligible
- $30,000 bonus
- Reduced multiplier
- Reduced COLA
- Age 62 adjustments



CSB Program

- Who is eligible?
  - Soldiers with Date of Initial Entry into Military Service (DIEMS) on or after 1 August 1986, including AGR Soldiers, who are eligible under current Service regulations to serve continuously to 20 years
  - Must choose between the High 3 and the CSB/REDUX retired pay plans between years 14½ to 15 of active duty, although retirement will not occur until the Soldier has completed 20 years of service
  - The Soldier's BASD, not the DIEMS date, serves as the basis when calculating for the 14½ to 15 years

Who is NOT Eligible?

- DIEMS prior to 1 August 1986

- Have an approved separation/retirement

- Pending Medical/Physical Evaluation Board (MEB/PEB)

- Pending discharge, QMP, flag, involuntary separation

Obligation and Recoupment

- Must serve 20 years
- Failure to serve continuously to 20 years requires bonus pay back unless:
  - Death
  - Disability retirement
  - Separated under a Service offer for early retirement (such as TERA) or separation program
- Recoupment of the bonus, if necessary can be waived, in whole or part, if the Secretary of the Army determines that recovery would be against equity and conscience or contrary to the best interests of the United States.
- The Secretary concerned shall not waive recoupment if the Soldier's separation is due to misconduct or if waiver would be inconsistent with other prescribed law, regulation or policy

15 Years of AD From BASD Date

- Annual Training, Active Duty for Training, Active Duty Operational Support, Temporary Tour Active Duty, Full-Time National Guard Duty, & Army Guard and Reserve.

- Non-consecutive service okay

- Service from two or more branches okay

Process under CSB

- Soldier will be notified at the 14½ year of active duty that he/she is eligible
- Up to six months (180 days) from date of notification to elect a choice of retirement plan
- Election made before 15th year – is effective at the 15th year and **is final**
- Election made after 15th year - effective immediately
- A Soldier with 18 or more years of active Federal service is ineligible to make a choice under the CSB/REDUX. **They will remain under High–3.**

Process under CSB (Con't)

Soldiers who elect CSB/REDUX and later retire for disability under 10 USC §1201 or 10 USC §1202, will have their retired pay calculated under the High 3 formula

Soldiers may elect to receive the CSB in a lump sum or annual installments as follows

- One payment of $30,000
- Two annual installments of $15,000 each
- Three annual installments of $10,000 each
- Four annual installments of $7,500 each
- Five annual installments of $6,000 each

CSB/REDUX vs High-3

Option	High-3	CSB/REDUX
Bonus	None	$30,000 payable at 15 years of AFS
Service Obligation	None, but must serve 20 years to qualify for retirement	Must remain on continuous active duty to 20 years of AFS
Retired Pay Base	Average monthly base pay over Highest 36 months	Average monthly base pay over Highest 36 months
Retired Pay Multiplier	2.5% per year of service	2.5% per year of service minus 1% for each year less than 30
COLAs*	Full COLA	COLA minus 1%

Rules for Combat Zone Tax Exemption

The tax exemption is based on two dates instead of the normal one date-

- If a Soldier elects CSB/REDUX before the 15th year of active service, combat zone eligibility is based on where the Soldier is physically located the month he/she reaches the 15 year mark. If the Soldier is in the combat zone that month, the CSB (any increments) is tax-exempt.
- If a Soldier elects CSB/REDUX after the 15 year mark of active service (rare occasions), combat zone eligibility is based on where the Soldier is physically located the month he/she makes the election. If the Soldier is in the combat zone that month, the CSB (any increments) is tax-exempt.

Things to Consider

% Multipliers

Years of Service	CSB % Multiplier	High-3 % Multiplier
20	40	50
21	43.5	52.5
22	47	55
23	50.5	57.5
24	54	60
25	57.5	62.6
26	61	65
27	64.5	67.5
28	68	70
29	71.5	72.5
30	75	75

CSB Calculator

Current Personal and Military Data

Name*	Mike Easter
Grade*	E6
Date of Rank*	01 Mar 2012
Previous Grade	E5
Previous Date of Rank	05 Jan 2001
Date of Birth*	02 Jan 1980
Date Initially Entered Military Service (DIEMS)*	05 Oct 2000
Pay Entry Base Date (PEBD)*	05 Jan 2001
Basic Active Service Date (BASD)*	05 Feb 2001
1405 Date	

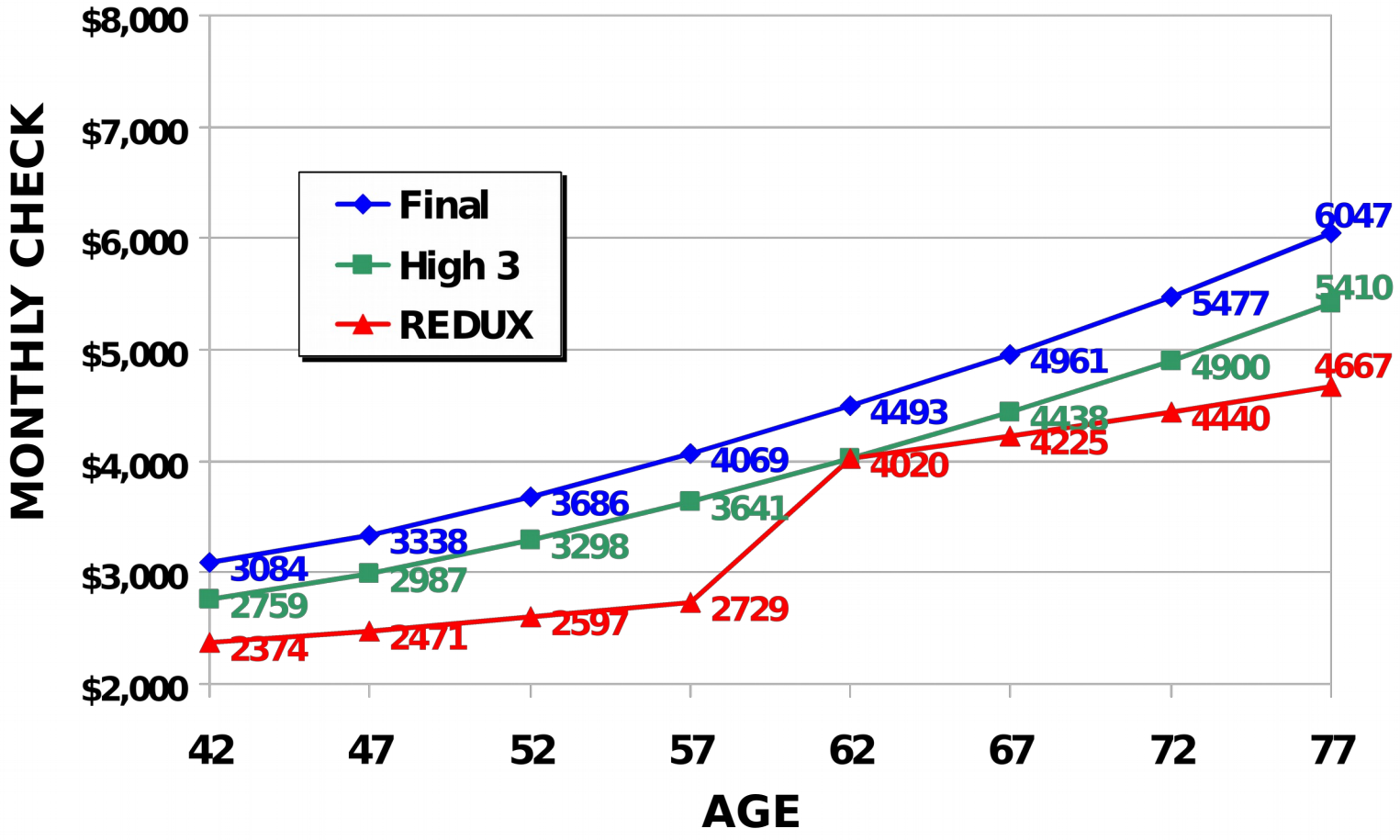
Retirement Projections (Active Duty)

Projected Retirement Date*	05 Feb 2021
Projected Rank on Retirement*	E6
Projected Date Of Rank*	01 Mar 2012
Did you/will you take the Career Status Bonus*	No

The MyArmyBenefit Retirement calculator chooses the retirement system based on the DIEMS date. For those eligible for the CSB, there is a drop down to choose Yes or No if CSB was selected. The retirement is calculated based on the Soldier's

Example - Growth over the Years

Assumes average +2% COLA



Investing in your Future

- CSB was intended as additional retirement cash flow for military retirees. However, since the actual $30,000 is distributed before your actual military retirement, your discipline, money management skills and financial education will add up to – or detract from – your bottom line.
- CSB is fully taxable, unless you qualify under the Combat Zone Tax Exemption (CZTE). If not qualified under the CZTE, the bonus is tax exempt up to annual contribution limit if deposited in the Thrift Savings plan. See: https://www.tsp.gov/planparticipation/eligibility/contributionLimits.shtml

- **TAKING THE CASH MEANS TAKING REDUX**

Thrift Saving Plan (TSP)

- Like 401K plan - taxes deferred
- Must participate in TSP to contribute CSB
- Open enrollment seasons
- Election delay authorized
- 1-100% of basic pay + special pay, incentives,
  and bonuses (CSB)
- Annual IRS limit - all sources
- No direct remittances- contributions must be in % and made thru payroll deductions
- Limit on all investment plans

What documents are needed to apply?

- DD Form 2839 – CSB Election (Original)

O5 or above must witness signature and sign in blocks #13 and #17 (both dates must match date of Soldier signature #12)

- Commander's Verification of Soldier's Duty Status Checklist
- Initial enlistment contract
- Current LES
- ERB/ORB
- If break in service, must also provide:
  - DD 214
  - Contract coming back on active duty

*Must be submitted with a DA 200, 10 days prior to year date